



House of Representatives

General Assembly

File No. 637

February Session, 2008

Substitute House Bill No. 5931

House of Representatives, April 16, 2008

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE APPLICABILITY OF ENTERTAINMENT INDUSTRY TAX CREDITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-217jj of the 2008 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective from passage*):

4 (b) (1) The Connecticut Commission on Culture and Tourism shall
5 administer a system of tax credit vouchers within the resources,
6 requirements and purposes of this section for eligible production
7 companies producing a state-certified qualified production in the state.
8 For income years commencing on or after January 1, [2007] 2006, any
9 eligible production company incurring production expenses or costs in
10 excess of fifty thousand dollars shall be eligible for a credit against the
11 tax imposed under chapter 207 or this chapter equal to thirty per cent
12 of such production expenses or costs, provided (A) on and after
13 January 1, 2009, fifty per cent of such expenses or costs shall be

14 counted toward such credit when incurred outside the state and used
 15 within the state, and one hundred per cent of such expenses or costs
 16 shall be counted toward such credit when incurred within the state
 17 and used within the state, and (B) on and after January 1, 2012, no
 18 expenses or costs incurred outside the state and used within the state
 19 shall be eligible for a credit, and one hundred per cent of such
 20 expenses or costs shall be counted toward such credit when incurred
 21 within the state and used within the state.

22 (2) [Any] On and after July 1, 2006, and for income years
 23 commencing on or after January 1, 2006, any credit allowed pursuant
 24 to this subsection may be sold, assigned or otherwise transferred, in
 25 whole or in part, to one or more taxpayers, provided no credit, after
 26 issuance, may be sold, assigned or otherwise transferred, in whole or
 27 in part, more than three times.

28 (3) [Any] On and after July 1, 2006, and for income years
 29 commencing on or after January 1, 2006, any such credit allowed under
 30 this subsection shall be claimed against the tax imposed under chapter
 31 207 or this chapter for the income year in which the production
 32 expenses or costs were incurred, and may be carried forward for the
 33 three immediately succeeding income years. Any production tax credit
 34 allowed under this subsection shall be nonrefundable.

This act shall take effect as follows and shall amend the following sections:		
Section 1	from passage	12-217jj(b)

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Department of Revenue Services	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill expands the credit for film and digital media production expenses by making the following changes:

(1) it makes the insurance premiums tax credit retroactive to income years beginning between January 1, 2006 and January 1, 2007 and

(2) it permits insurance premiums tax and corporation tax credits for income years between January 1, 2006 and January 1, 2007 to be resold or transferred up to three times.

This may result in a General Fund revenue loss to the degree that it increases the number of credits claimed against the insurance premiums tax and the corporation tax. The change could affect as much as \$55 million in tax credits from the 2006 income year that were either issued or are pending final approval.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5931*****AN ACT CONCERNING THE APPLICABILITY OF ENTERTAINMENT
INDUSTRY TAX CREDITS.*****SUMMARY:**

Connecticut grants transferable tax credits equal to 30% of eligible film production expenses incurred in the state that exceed \$50,000. The credits apply against the corporation tax for income years starting on or after January 1, 2006 and against the insurance premium tax for income years starting on or after January 1, 2007.

This bill makes the film credits apply against insurance premium tax for the 2006 income year as well. It allows the credits against this tax for 2006 to be sold or transferred on or after July 1, 2006, as well as on or after July 1, 2007. It also allows those buying the credits to claim them against insurance premium tax liability for the 2006 income year, as well as for subsequent years.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44 Nay 9 (04/01/2008)